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REPORT NO.

25X1

COUNTRY

Germany (Russian Zone)

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SUBJECT

Lubricant Situation in the Russian Zone

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SOURCE

1. Production quotas for industrial oil were only seventy-eight percent fulfilled in the Russian zone in the first quarter of 1948 (automobile dil 106 percent, industrial fat 87 percent), and this amount
was only fifty-four percent of the actual requirements:

Item (Amounts	in tons)	Needs	Actual German	Prod SAG	uction Total	Differ- ence	Stocks on hand 1 Apr. 48	Zone Sup- ply 1st Qt:
Industri Automobi Industri Vaseline	le oil al fat	13,553 4,072 1,596	5,022 2,122 1,668 183	146 743	5,168 2,865 1,668 183	-8,385 -1,207 72 69	500	5,500 2,744 1,542 43
Total		19,335	8,995	889	9,884	-9.451	4.575	9.829

The principal reasons for the imadequate production were the failure of delivery of sufficient crude oil from Austria and disruption of processing by late deliveries of materials. Of the 30,000 tons of crude oil which were called for under Order No. 102, in the first quarter of 1948, only 16,700 tons were actually received.

2. Production and supply of lubricants for the remainder of 1948 are not expected to reach the quarter quotas. In April, for example, a delivery of only 3,000 tons from Austria was in prospect instead of the 10,000 tons needed, and consequently crude oil processing by the main firms at Lützkendorf and Möckethal was as unfavorable as in March. The total balance of production was somewhat improved by the taking up of lubricating oil production at Tröglitz in April and by the continued maximum capacity operation of the oil installations of the Annawerk. In individual items, however, particularly industrial lubricants, production was impossible or could not be increased, and import had to be recommended. Estimated figures for the three quarters totaled: the three quarters totaled:

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Item (Figures in tons)	Total Needed	Expected Production German SAG Total	Difference
Industrial oil Automobile oil Industrial fau Vaseline	40,050 16,328 4,500 510	18,420 15,540 33,960 7,050 8,600 15,650 4,500 - 4,500 510 - 510	6,090 678
Total	61,388	30,480 24,140 54,620	6,768

It is anticipated that 75,000 tons of crude oil will be processed, and this amount could be increased to 90,000 tons.

- 3. To compensate for the deficits in the total amount, the following emergency measures were proposed:
 - a. Regular delivery of 10,000 tons of crude oil monthly from Austria.
 - b. Preparation of 15 heated tank car trains for crude oil transport (at present 10 trains, partly heated).
 - c. Creation of a crude oil reserve by winter in case of interruption of transport.
 - d. Immediate negotiations for contracts for delivery of crude oil from Romania, Hungary, and Poland in case Austria cannot guarantee the amount of crude oil required.
 - e. Immediate release of 1440 tons of iron and steel supplies (remainder) for procurement of apparatus and spare parts (boiling tubes, boilers, condensor tubes, compressors, etp.) for carrying out of urgent repairs and for reconstruction.
 - f. Guarantee of the requirements requested for petroleum processing works and hydrogenation plants in essential auxiliary materials, such as:
 - 3,600 tons pure propane from Schwarzheide and Böhlen
 - 270 tons phenol from Leuna 90 tons butanol from Schkopau
 - 2,100 tons sulphuric acid
 - 1,155 tons fuller's earth from Stassfurt (600 tons paraflor from Oppau for the period 1 April to 31 December 1948)
 - g. Agreement with the main administration of the SAGs not to let the production of lubricating oil for the period from 1 April to 31 December 1948 fall below 20,000 tons at Troglitz and 5,000 tons at Schkopau.
 - h. Importation of special oil currently non-produceable, such as hot steam cylinder oil with flash point above 310° C or high pressure compressor oil, paraffinum liquidum "nach DAB 6."